

BEFORE THE
Federal Communications Commission
WASHINGTON, D.C. 20554

In the Matter of)	
)	
Unbundled Access to Network Elements)	WC Docket No. 04-313
)	
Review of the Section 251 Unbundling)	CC Docket No. 01-338
Obligations of Incumbent Local Exchange)	
Carriers)	
)	

**AFFIDAVIT OF ROBERT W. WALKER
ON BEHALF OF WORLDNET TELECOMMUNICATIONS, INC.**

1. My name is Robert W. Walker. I am sixty-eight years old. I am the founder and president of Comsource, Inc., a telecommunications regulatory and technology consulting firm located at 22W343 Arbor Lane, Glen Ellyn, Illinois 60137. I have nearly forty-five (45) years of experience in the telecommunications industry with thirty-three (33) of those years spent at Illinois Bell and Ameritech, predecessors and current affiliates of SBC. I have held a wide range of technical staff and management positions within Illinois Bell and Ameritech in the switching, transport and operational support systems (“OSS”) areas.

2. Prior to my departure from Ameritech, I held the position of Director of Transport Planning and, before that, Director of Transmission at Illinois Bell. Prior to that, I was director of Technical Development for Ameritech Development Corporation. I established Comsource,

Inc. in 1994. Comsource's current efforts are largely focused on providing assistance to competitive local exchange carriers (CLECs") entering the telecommunications business with technical and regulatory matters. Through Comsource, I have been involved with more than eighty-five (85) interconnection agreements, coast-to-coast with every major U.S. incumbent telephone company, including all of the RBOCs, Sprint, GTE, CenturyTel, Alltel, and Puerto Rico Telephone Company (PRTC" or the Incumbent").

3. The purpose of this affidavit is to support the comments submitted on behalf of WorldNet Telecommunications, Inc. (WorldNet") in this proceeding and to help ensure that the record on the issues that I discuss is full and accurate. Further, this affidavit is to update the record as necessary to summarize any developments in the telecommunications market in Puerto Rico since the completion of the Telecommunications Regulatory Board of Puerto Rico's proceeding, completed on December 30, 2003, investigating the impairment faced by competitors without access to PRTC switching for serving enterprise switching.

I. Experience Working in the Puerto Rico Telecommunications Market

4. I have extensive experience working in the Puerto Rico telecommunications market and, more specifically, working with the Incumbent on behalf of two CLECs, KMC Telecom, Inc. (KMC") and WorldNet.

A. KMC

5. I began my involvement in Puerto Rico on behalf of KMC in December of 1996. At that time, KMC was among the first competitive carriers to file for CLEC status in Puerto Rico with the newly formed Telecommunications Regulatory Board of Puerto Rico (Board"), which is charged with regulating telecommunications on the island. KMC retained me to assist with

interconnection negotiations with the Incumbent. It quickly became apparent during the initial meetings with the Incumbent that the negotiation of an interconnection agreement was going to be a difficult and challenging process. Subsequent meetings in early 1997 did not resolve the disputes between KMC and the Incumbent, and an arbitrator was assigned by the Board.

6. After long and contentious negotiations, KMC and PRTC finalized a mutually acceptable agreement. The KMC agreement was the first interconnection agreement entered into in Puerto Rico and served as a benchmark and an opt-in candidate for future agreements for several years.

7. During the KMC-PRTC arbitration, it was revealed that the Incumbent did not have a CLEC or a reseller manual (collectively, the Manuals”), even though such Manuals are common throughout the industry and had been frequently referenced during the negotiations by the PRTC negotiators.

8. Such Manuals typically govern the processes and procedures (such as order processing, trouble reporting, securing UNEs, and billing) by which a competitive carrier interconnects with an ILEC. In a highly unusual move, because of my technical and regulatory expertise in the Puerto Rico market, I was instructed by the arbitrator to draft the Manuals for the Incumbent. Thereafter, for the next six months, I had intense and ongoing involvement with the Incumbent and with other competitive carriers and potential carriers in an effort to prepare the Manuals. My involvement with the Incumbent included numerous meetings in Puerto Rico and conference calls with the Incumbent’s management and personnel, review and analysis of many documents produced by the Incumbent, and extensive meetings with members of the Puerto Rican resellers’ community. During this process, I worked closely with the Incumbent and observed their

systems, technology, and personnel. In December 1997, I finished drafting the Manuals and ended my initial activities in Puerto Rico.

B. WorldNet

9. In the summer of 2000, I was asked to assist WorldNet in becoming a facilities-based competitive carrier in Puerto Rico. My return to Puerto Rico allowed me to assess the changes in the telecommunications industry since I was last on the island. Unfortunately, the years since 1996 had witnessed surprisingly few changes in the competitive telecommunications makeup of Puerto Rico. The Incumbent was still the only universally available carrier on the island and the growth of competition in Puerto Rico continued to be extremely slow.

10. As a consultant, I have been actively involved in the interconnection negotiation process on behalf of WorldNet. WorldNet is the largest and most successful resale operator in Puerto Rico and is owned and operated by Mr. David Bogaty. Because resellers on the mainland were rapidly disappearing, WorldNet's management recognized that the continued success of the company could only be assured by migrating to facilities-based service. WorldNet, therefore, requested my assistance in establishing the company as a facilities-based CLEC so that it could secure facilities and UNE-Platforms (UNE-P") as an alternative to resale. Converting WorldNet resale subscribers to UNE-P was the first step in the process of becoming a full-fledged switched-based competitive telephone company.

11. It was within this framework that I began negotiating an interconnection agreement with PRTC in June 2001. As part of the interconnection negotiations between WorldNet and PRTC, I was called upon to lead meetings and conference calls with the Incumbent, observe its systems and networks, and interact with the Incumbent's personnel. One of the major issues of dispute

between the parties was available of UNE-P since that was an entirely new concept to PRTC. Only after contentiously and protracted negotiations did the Incumbent reluctantly agreed to provide UNE-P, but requested that WorldNet not submit any orders to convert resale lines to UNE-P until October 1, 2002 to allow time to modify their billing system. Despite many meetings between WorldNet and the Incumbent, little was accomplished towards implementation of UNE-P. October 1, 2002 came without the Incumbent's UNE-P provisioning and billing capability being in place.

12. In the two years since, the Incumbent has yet to modify its billing system, using instead a composite" system WorldNet was forced to develop based on average call duration and distance when it became evident that PRTC would not have a system in place by the October 1, 2002 deadline. Provisioning and order processing are also woefully lacking as evidenced by the fact that since October 1, 2002, only 23,000 out of 40,000 resale lines or about 57.2 percent of the resale lines have been converted to UNE-P based on August 2004 results. Indeed, PRTC has, thus far, been unable to convert any of the existing WorldNet ISDN-Primary Rate facilities to UNE-P. Moreover, PRTC's decision to use the same order code for resale-to-UNE-P conversions as used for disconnects, has lead to numerous errors, service interruptions and confusion.

II. Historical Information on the Telecommunications Market in Puerto Rico

13. Prior to 1996, PRTC, as a government agency, was largely autonomous in establishing prices and policies with little in the way of oversight. This changed in November of 1996 when the Puerto Rican government established the Board in order to meet the requirements of the Telecommunications Act of 1996 (Act”). The formation of the Board occurred simultaneously with the first filings for CLEC status on the island.

14. At the time the Act was adopted, PRTC was the only local telephone service provider on the island and was a wholly-owned agency of the government of Puerto Rico. The Puerto Rican government thereafter announced that it planned to sell its interest in the Incumbent and return telephone service to private ownership. In the ensuing years, the Puerto Rican government sold a minority interest in the Incumbent to General Telephone and Electronics (GTE”). Although the government of Puerto Rico continued to be the majority stockholder of the Incumbent, GTE assumed day-to-day management of the company. When Bell Atlantic and GTE merged to form Verizon Communications, Inc. (Verizon”), the Incumbent’s management team remained in place and continued to operate the company. Recently, Verizon purchased additional stock in the Incumbent and is now the majority owner of the Incumbent.

15. The Act had a very profound impact than on the island commonwealth of Puerto Rico, where it essentially ended a government-owned and operated monopoly. Unfortunately, while the San Juan area constitutes a significant population center, only a few CLECs were willing to compete against an entrenched ILEC with a legacy of being a government agency. Cultural differences and Puerto Rico’s insular setting further contributed to the reluctance of many CLECs to enter the Puerto Rico market.

16. Competitive carriers have continued to show reluctance to enter the market in Puerto Rico. As a result, San Juan currently ranks nearly last among major U.S. cities in terms of telecommunications competition. Whereas the mainland PUCs, in the past, have been besieged with CLEC applications, there have been few requests for CLEC certification in Puerto Rico. Moreover, the already limited number of competitive carriers applying for certification in Puerto Rico diminished once the applicants realized how difficult it is to secure interconnection facilities from an entrenched ILEC with a history of operating as a government agency. Consequently, with fewer carriers interested in committing the significant resources necessary to open the market in Puerto Rico, there have not been the wide range of arbitrated agreements with performance measures that have served to advance and establish the competitive guidelines for stateside telephone companies. Nor have there been any proceedings under Section 271 of the Act as there have been in many other states in which significant performance assurance plans have been developed through extensive collaborative processes. These types of proceedings and the protections that they have produced on the mainland are all but absent in Puerto Rico. In fact, only this year has WorldNet been successful in getting the Board to impose meaningful performance measures on PRTC as part of a hard-fought arbitration proceeding. Indeed, PRTC continues to resist even these limited performance measures and they do not currently contain liquidated damages that would give them real teeth.

17. Despite the passage of the Act and the formation of the Board, relatively few changes have occurred in the competitive telecommunications makeup of Puerto Rico. Unlike similar sized cities on the mainland, San Juan has only one active facilities-based CLEC, Centennial Puerto Rico License Corp Wireline (Centennial”). WorldNet expects to the second facilities-

based UNE-L provider in the spring of 2005. Furthermore, there are only six companies certified by the Board as resellers in Puerto Rico, and only one of the six certified resellers is known to be active and to have a locally-based sales and support staff. Consequently, Puerto Ricans have few options for telecommunications services.

18. Today, competition in the telecommunications industry in Puerto Rico remains minimal. As of December 2003, there were approximately 1,305,000 working lines on the island. Centennial recently announced 2,000 residential and 3,000 business lines for a total of 5,000 working lines. The most current figures show WorldNet with approximately 40,000 lines as of August, 2004. Total CLEC lines are 45,000 lines or about 3.4 percent of the total market. The Incumbent holds the remaining 96.6 percent or 1,260,500 lines, a number quite close to PRTC's published figure of 1.2 million access lines in PRTC's Form 10-Q report to the SEC, dated June 30, 2004.

19. A similar disparity exist with Hi-Cap service. There are 18,500 "Special Access" circuits on the island. A significant part of those circuits are likely to be switched broadband, i.e., "Hi-Cap." Although hard statistics are not available, WorldNet has a small percentage of that market with 120 ISDN-PRI circuits. Thus, after nine years, the two CLECs in Puerto Rico have been able to garner less than five percent of the total wireline market.

20. The Incumbent is the only universally available carrier on the island and has the only island-wide ubiquitous network. While local competition has flourished on the mainland, it has languished on the island as the Incumbent has been able to maintain a virtual service monopoly throughout Puerto Rico. PRTC's interoffice facilities are largely fiber, as are feeder cables to Digital Loop Carrier-Remote Terminals (DLC-RTs) and Remote Switching Modules (RSMs),

especially in the San Juan metro area. Gaining access to subscriber loops is difficult where integrated DLC-RTs and RSMs are deployed since there is rarely space available to collocate. WorldNet has many UNE-P customers currently being served from the incumbent's integrated DLC-RTs and RSMs that WorldNet may have to abandon since there is no cost effective way to convert such subscribers to UNE-L if the FCC eliminates UNE-P combinations.

21. The Incumbent's distribution facilities are predominately twisted pair copper, most of it underground, especially in the San Juan, Ponce, Mayaguez and other metropolitan areas. Unfortunately, Puerto Rico lies in the path of many tropical storms and hurricanes and thus, wherever possible, the Incumbent has placed its facilities underground in conduit to avoid storm damage. This, however, makes it extremely difficult for CLECs to access existing conduits since, unlike some mainland locations, most conduits in Puerto Rico are full.

III. UNE-P

22. Any move to restrict or otherwise limit access to UNE-P will have a devastating effect on competitive telephone service in Puerto Rico since in many locations access to the Incumbent's local loops is limited as stated above. Access to UNE-P is necessary in order for resellers and CLECs to have any chance of competing in the telecommunications market in Puerto Rico. Because it is an isolated island and is less developed than the mainland, there are a limited number of telecommunications facilities and less infrastructure available in Puerto Rico.

23. At the present time there is only a single facilities UNE-L CLEC in Puerto Rico Centennial, which is both a wireline and a wireless CLEC. WorldNet, the largest CLEC on the island with about 40,000 subscriber lines, is the only other competitive local service provider of any significant numbered lines.

24. By working with the Incumbent and observing the Incumbent's systems, technology, and personnel, I have concluded that the Incumbent is demonstrably behind the U.S. mainland in terms of general telecommunications deployment and accommodation of competition. Even implementing UNE-P in Puerto Rico has proven to be a challenge because the Incumbent has not developed the organizational structures, capacity, experience, technology, or personnel, common among stateside ILECs, to facilitate competition. The Incumbent has a very poor demonstrated track record in providing UNE-P, and incredibly, until at least very recently has not deployed one single UNE loop.

25. The Incumbent's lack of experience was recently demonstrated by its inability to properly bill WorldNet for UNE-P, and to provide access to Line Information DataBase (LIDB") data and other features commonly offered to mainland CLECs. After more than a year of lead time and a dozen meetings of a joint implementation team, the Incumbent is still unable to provide detailed minutes-of-usage billing on UNE-P calls. In sum, the burdens, delays, and costs associated with interconnecting with the Incumbent in Puerto Rico are substantial and inordinately greater than in virtually any other U.S. market.

26. Further, the transition from resale to UNE-P is a paper process. No physical work, such as running jumpers on the Main Distributing Frame (MDF) is necessary. Unfortunately, what should constitute a routine task has, in fact, become a challenge due to PRTC lack of organizational skills and expertise. WorldNet has yet to successfully convert a ISDN-PRI from resale to UNE-P.

27. The deficiencies associated with converting from resale to UNE-P, however, pale compared to those associated with a conversion from UNE-P to UNE-L where close

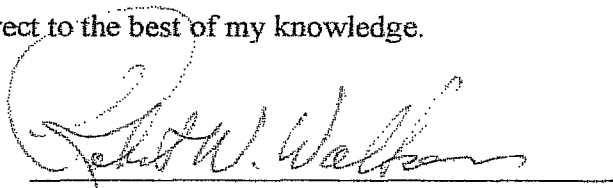
coordination is necessary to avoid a customer service interruption. The so-called "hot cut process" does not exist in Puerto Rico and WorldNet expects to experience difficulties converting to UNE-L in the Spring of 2005.

28. Simply put, the Incumbent is not ready to accommodate switched-based technology. Therefore, any effort to restrict or curtail access to the currently available UNEs will have a disastrous effect on the evolving competitive climate on the island.

29. To the best of my knowledge, the events described in this Affidavit are true.

I declare that the foregoing is true and correct to the best of my knowledge.

Executed on October 4, 2004.

A handwritten signature in dark ink, appearing to read "Robert W. Walker", is written over a horizontal line. The signature is stylized with a large, circular initial 'R'.

Robert W. Walker, Affiant